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SIPDIS
TELEGRAM

April 05, 2004

To: No Action Addressee
Action: Unknown
From: AMEMBASSY ABU DHABI (ABU DHABI 1000 - UNKNOWN)
TAGS: EFIN, ETTC, PREL, PGOV
Captions: None
Subject: UAEG OFFICIALS AND PRIVATE SECTOR DISCUSS ANTI- MONEY
LAUNDERING EFFORTS WITH FINCEN DIRECTOR
Ref: None

C O N F I D E N T I A L ABU DHABI 01000

SIPDIS
CXABU:
ACTION: POL
INFO: DCM RSO P/M ECON AMB
Laser1:
INFO: FCS

DISSEMINATION: POL
CHARGE: PROG

APPROVED: DCM: RALBRIGHT
DRAFTED: ECON:CCRUMPLER; POL/
CLEARED: ECON: OJOHN; CGD: JDAVIS

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FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3830
INFO RUEHZM/GCC COLLECTIVE
RUEATRS/TREASURY DEPT WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 001000

SIPDIS

STATE FOR NEA/ARP - HEFFERNAN, NEA/RA -SUTPHIN,
TREASURY FOR FINCEN

E.O. 12958: DECL: 04/05/09
TAGS: [EFIN](#) [ETTC](#) [PREL](#) [PGOV](#) [TC](#)
SUBJECT: UAEG OFFICIALS AND PRIVATE SECTOR DISCUSS ANTI-
MONEY LAUNDERING EFFORTS WITH FINCEN DIRECTOR

[¶1.](#) (U) Classified by DCM Richard A. Albright for reasons
1.5 (B) and (C).

[¶2.](#) (C) Summary and comment. The UAE Central Bank welcomed
the visit of the Treasury Department's Financial Crimes
Enforcement Network (FinCEN) Director Bill Fox to the UAE,
March 29. The Central Bank Governor pledged further
cooperation between the UAE's Anti-Money Laundering and
Suspicious Cases Unit (AMLSCU) and FinCEN, and asked for
more details on FinCEN's requests for information. Despite
the UAE's progress in recent years combating money
laundering and terrorist financing, the Central Bank's

AMLSCU is not yet fully lashed up with UAE law enforcement and prosecutorial authorities, and has limited investigative capabilities. We are seeking additional areas for cooperation between the AMLSCU and FinCEN, which will serve to strengthen the AMLSCU's ability to investigate financial crimes.

¶3. (C) Summary and comment continued. In Dubai, FinCEN met with Lloyds Bank Area Manager for UAE and the Gulf States Richard Stockdale, and then with officials from the Dubai Financial Services Authority (DFSA), the regulatory body for Dubai's planned huge offshore banking center the Dubai International Financial Center (DIFC). While the overall willingness of the Central Bank to tackle the money laundering issue was a good thing, Stockdale felt that that the Central Bank was still too slow in providing feedback to banks that file Suspicious Transaction Reports (STRs). He also highlighted the large opportunity for money laundering that exists in Dubai's burgeoning real estate market. CEO of DFSA Phillip Thorpe explained how DFSA intended to cooperate with the Central Bank, for example by going through the Central Bank when communicating with other national regulatory bodies. DFSA, he indicated, would also work in tandem with the Central Bank on STRs filed on DIFC-based financial institutions. End summary and comment.

More U.S.-UAE Anti-Money Laundering Cooperation

¶4. (SBU) The UAE Central Bank Governor Sultan Nasser Al-Suweidi welcomed more communication between the AMLSCU and FinCEN. The Governor noted that he recently designated an individual within the AMLSCU to act as point-of-contact for FinCEN's (and other FIU's) requests for information and other inquiries. He admitted that the AMLSCU has more frequent contact with its counterpart FIUs in Europe, due to the larger number of financial transactions between the UAE and European financial institutions. Al-Suweidi noted that 42 percent of the UAE's overall trade is with European countries, whereas only 8 percent of trade is conducted with the United States.

¶5. (C) Al-Suweidi and Director Fox discussed the establishment of a FATF-style regional body in the Middle East. Al-Suweidi supported the idea, but said that three countries are competing fiercely to headquarter the organization in their respective territories. "We will support it no matter where it is located," added Al-Suweidi. He intimated that the UAEG's desire to remain neutral in the matter might have influenced its decision not to participate in the last FATF plenary.

¶6. (U) Al-Suweidi also agreed to co-host with FinCEN regional FIU training for South Asian countries, many of which have nascent or non-existent FIU programs. He asked Director Fox if the co-hosts could invite additional countries to the training -- "from the Nile to the Bay of Bengal." He also asked whether the United States would be willing to invite states such as Iran and Syria to the training. We indicated that this would be a problem. Comment: This FIU training is an opportunity for the UAE Central Bank to showcase its achievements in this area and bolster its position as the regional leader in anti-money laundering efforts; we can understand why the Governor would like to be as inclusive as possible. The Governor and FinCEN staff agreed to discuss timing and a notional agenda with some of the intended participants on the margins of the International Hawala Conference. (reported septel). Econoff will follow-up. End comment.

Request For More Information

¶7. (SBU) Al-Suweidi encouraged the FinCEN delegation to include more background in its requests for information,

which would allow the AMLSCU to better tailor its responses. Background information, the final objective of the request for information, and more identification documentation of individuals under investigation would be especially useful to the AMLSCU.

¶8. (U) AMLSCU Executive Director Abdul Rahim Al-Awadi described a recent U.N. request for the UAE Central Bank to freeze accounts of Liberian President Charles Taylor's relatives, including "John Taylor, his two sons, their families and affiliated companies." Al-Awadi asked, "This is a common name; how can banks know which accounts are involved or related to these unspecified individuals or companies?" He noted that the AMLSCU undertook to ask the U.N. for more information before forwarding the circular to UAE banks. Al-Suweidi admitted that the AMLSCU sometimes delays issuing a freeze order to request additional clarifying information, but he said, "targeting an innocent person is worse than delaying action for a few days against a felon."

Lunch With Lloyds

¶9. (C) Director Fox and the FinCEN delegation came to Dubai on March 29 for two meetings and to attend the World Diamond Conference (reported septel). In a luncheon with Lloyds Bank Area Manager for UAE and the Gulf Richard Stockdale, the discussion focussed on AML efforts in the UAE. Stockdale praised the willingness of the UAE Central Bank to engage in AML, but added that there was still a lack of expertise in some areas. Stockdale told a story of how he had filed a Suspicious Transaction Report (STR), frozen the suspicious account as requested, and then been unable to get any follow-up response from the Central Bank. On his fifth phone call to the Central Bank to resolve the matter, he finally told Executive Director of the AMLSCU Al-Awadi that he was going to release the funds unless he received an answer. Stockdale said Al-Awadi grumbled, but the next day Stockdale had his answer.

¶10. (C) Stockdale also brought up the issue of money laundering through purchasing property. He said that the huge property development boom in Dubai, combined with practically no controls or checks on funds used to purchase these properties, surely provided a lot of opportunity for money-laundering in Dubai's property market.

Offshore Banking in Dubai

¶11. (C) FinCEN's other Dubai meeting was with officials from the Dubai Financial Services Authority (DFSA), the regulatory body of Dubai's planned huge, offshore banking center, the Dubai International Financial Center (DIFC). CEO of DFSA Phillip Thorpe described the cutting edge legislation, supervision, and enforcement regime that DFSA had been setting up. In an about-face from DFSA's previous position, Thorpe said DFSA would not, in fact, be signing formal MoUs with regulatory authorities in other countries, but would instead be going through the Central Bank. Fox agreed that that was a good idea. Thorpe added that he still hoped to develop less formal relationships with other national regulatory bodies so that actions and communications could occasionally be done more quickly than would be the case if DFSA always went through the UAE Central Bank.

¶12. (C) Another issue brought up by the FinCEN team was how STRs relating to DIFC-based institutions would be filed -- with the Central Bank, the DFSA, or both? Thorpe said that while STRs would be filed with the AMLSCU, DFSA itself would also be simultaneously copied.

¶13. (U) Director Fox did not have the opportunity to clear this cable before departing the UAE. This cable was

coordinated with Amconsul Dubai.

Wahba